



FOR IMMEDIATE RELEASE

For more information, contact:
Mike Gowrylow
(360) 705-6603

Relaxed Penalties, Extended Due Date To Reduce Taxpayer Burden

OLYMPIA, Wash., June 27, 2006 — Relaxed penalties and extended tax return due dates will save thousands of Washington businesses \$25 million over the next two years.

Beginning July 1, a five percent underpayment penalty will be assessed only if the taxpayer paid less than 80 percent of the total amount due for the period under review, and the underpayment was at least \$1,000. Interest on the underpaid taxes will continue to be due. The change is expected to benefit nearly 31,000 businesses.

Effective Aug. 1, new legislation enacted at the request of Gov. Chris Gregoire, also changes the due date for monthly excise tax returns to the 25th of each month from the 20th, and moves the deadline for paying taxes by debit electronic funds transfer from 5 p.m. to 11:59 p.m. on the due date. The due date change benefits more than 83,000 businesses that file monthly.

The legislation stems from Governor Gregoire's directive that the Department's priority is to make paying taxes simpler and easier. The Governor also asked her cabinet directors to find ways to get input from and listen to their customers. The Department of Revenue conducted business roundtables around the state and learned that many were unhappy with the 2003 legislative changes to underpayment penalties and the monthly due date.

"The earlier filing deadline had created a real burden, especially on smaller businesses who found it difficult to close their books that early," said Department Director Cindi Holmstrom. "They also thought imposing penalties for small, inadvertent underpayments of taxes wasn't fair. This legislation addresses those concerns."

More information is available on the Department's web site at www.dor.wa.gov, or by calling the Taxpayer Information Center toll-free at 1-800-647-7706.

###